

TELEPHONE

At present approximately 53% of Israel's phone system operates on digital exchanges. Telrad, an Israeli firm, makes 20% of the locally manufactured exchanges using Canadian technology (from Northern Telecom). The other 80% of locally made exchanges are manufactured by Tadiran, using Belgian technology from Alcatel. The only telephone company in Israel at present (a monopoly) is Bezeq, which intends to invest heavily in telecommunications equipment. Bezeq's 1993-1997 five-year plan calls for an investment of NIS 8 billion (approximately US \$3.3 billion), including a significant increase in the number of public telephones, infrastructure to accommodate up to 180,000 cellular phones, the laying of 66,000 km of fiber optic cables, and much more. This plan may be compressed into a shorter time period (3 years) in order to accelerate investment in the telecommunications infrastructure. Bezeq's general policy is to purchase about 85% of its equipment from local sources and the rest from abroad.



CELLULAR MOBILE TELEPHONES

At present, the market for cellular mobile telephones, which grew by 51% last year, is a monopoly controlled by Bezeq and Motorola. However, it is likely that an international tender will be proffered in 1994 for other customer equipment and, in 1997, for another supplier of systems.

Despite the country's small size, Israeli sales in telecommunications reached US \$670 million in 1991 and data communications sales reached US \$150 million in 1991. There is a great commitment to the industry as evidenced by the fact that approximately 70% of all R&D monies are invested in electronics. With its highly qualified labour force, Israel is well positioned for joint ventures with leading telecommunications companies. Israel also exports telecommunications equipment to several African countries and these are potentially an excellent market for Canada-Israel joint business ventures.

3.75

KENYA

Kenya Posts and Telecommunications Corporation (KPTC) is a parastatal organization that, until recently, had the monopoly over the provision of all telephone services in Kenya. As part of a recent liberalization program, many private Kenyan companies have been licensed to provide some of the telecommunications services such as internal wiring and provision of allied telecommunications terminal equipment. KPTC continues to have the authority to approve telecommunications equipment intended for connection to the national network, and to inspect completed work that has been done by private contractors and vendors, and to issue certificates of satisfactory completion and wiring.

The Canadian Embassy in Nairobi has identified telecommunications as a priority sector for Canada's trade development strategy in Kenya. The market is estimated at \$120M for 1993 growing to \$130M in 1994 with Canada's market share considered small but expanding at around \$8-10M. Good market prospects will be found in rural telecommunications equipment, PABX equipment, modems and cellular phones. Limited import restriction, aggressive marketing, competitive pricing, strong sectoral capability in Canada, competitive Canadian financing and willingness of Canadian exporters to invest/joint venture in the territory have contributed to Canada's penetration of the Kenyan telecommunications market.

The majority of financing for telecommunications projects in Kenya originate in International Financial Institutions (IFI) such as the World Bank and the African Development Bank.